



The Energy
Charter



Energy Charter Briefing

3 October 2018





Agenda

1. Development of the Energy Charter
2. Energy Consumers Australia and the Energy Charter
3. Introduction to the principles and principles in action
4. The Energy Charter in Operation
5. Next steps



1. Development of the Energy Charter



What is the Energy Charter

- First whole-of-sector initiative to address customer expectations.
- 15 CEOs from across the energy supply chain have committed to developing the Energy Charter
- The vision: **Together, deliver energy for a better Australia.**
- The **Industry Working Group**, made up of participating business representatives, has developed the draft Energy Charter principles and accountability regime for consultation.
- Development occurred in consultation with consumer and business representatives through a **End-User Consultative Group** Chaired by Energy Consumers Australia.
- **Energy Consumers Australia** is playing a role in the development of the Charter, closely monitoring progress and providing guidance based on consumer expectations of the initiative.



How will it work?

- Focused on embedding a consumer-minded culture to create tangible customer benefits.
- The Energy Charter will be a principles-based disclosure regime that can be applied to all businesses across the gas and electricity supply chains.
- Will highlight good conduct in the energy industry against the key principles required to deliver the Industry Vision
- Adoption will be voluntary, and all energy businesses will be encouraged to join.
- Participants will publish details about how they are delivering against the Energy Charter principles and providing positive outcomes for customers.
- If they do not implement measures consistent with the principles, they will explain why - this is referred to as an “if not, why not” regime.
- An independent accountability panel is proposed to review disclosures and produce an annual evaluation report on them.

The participating businesses





2. Energy Consumers Australia and the Energy Charter



3. Introduction to the principles and principles in action



Structure of the Charter

Industry Vision

Together, deliver energy for a better Australia

Five Principles

1. We will put customers at the centre of our business and the energy system

2. We will improve energy affordability for customers

3. We will provide energy reliably, safely and sustainably

4. We will improve the customer experience

5. We will support customers in vulnerable circumstances

Reporting and Accountability

Reporting

Maturity model

Metrics and Measures

Accountability

Principles in Action

Principles in Action

Principles in Action

Principles in Action

Principles in Action



Principles and Principles in Action

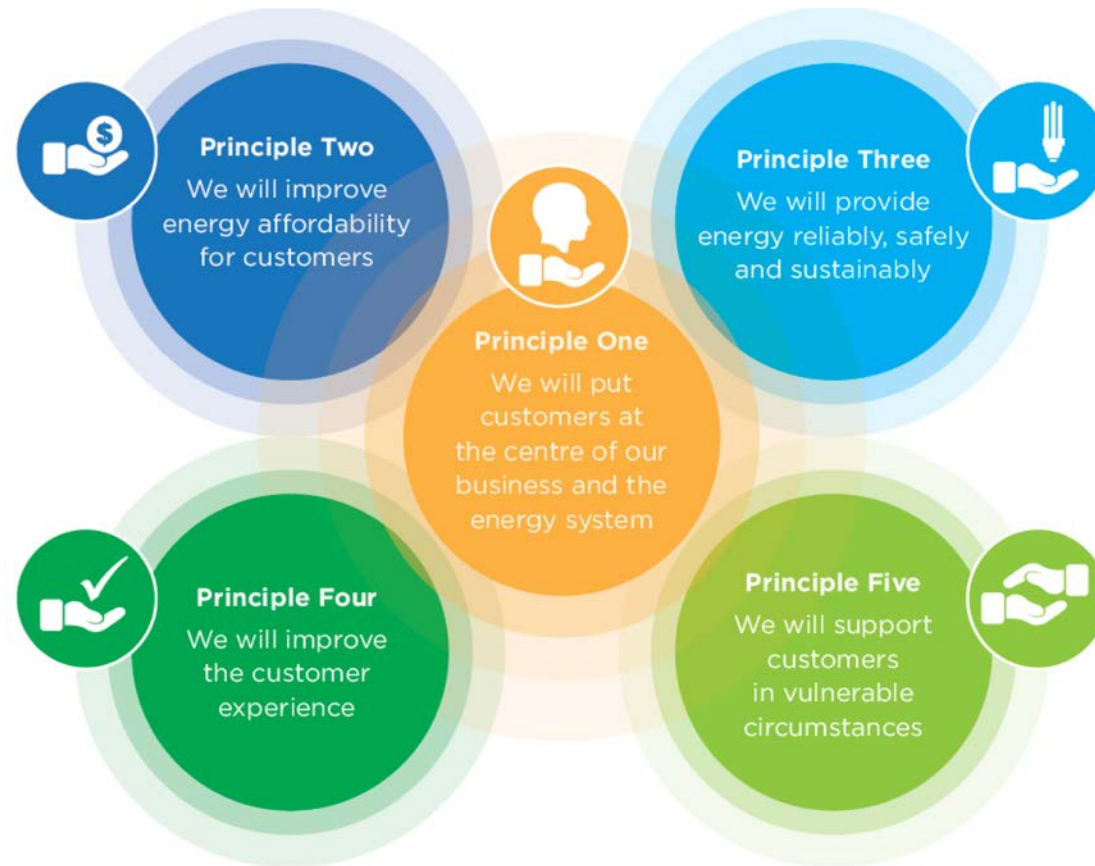
- The Energy Charter sets out five principles to advance the industry vision.
- These are underpinned by recognition of the importance of the principle to customers and energy businesses and identifying commitments energy businesses are making to better customer outcomes.
- Supporting each principle is commentary which explains its context, which is reflected in the *Principles in Action*

Principles in action

- Under each principle, the Energy Charter sets out a list of *Principles in Action*.
- These describe how the principle can be translated and measured by each part of the supply chain.
- They represent the practical initiatives that when implemented, are intended to have a material and positive impact on the delivery or progression of that principle.
- They also provide the basis on which each participating energy company will report on its progress against the Energy Charter.



The Five Principles





Principle One

We will put customers at the centre of our business and the energy system.

Having the right culture underpins the way we behave, the decisions we make and the outcomes we deliver. We recognise that getting the culture right for our customers is crucial not only to deliver on our customer commitments, but also to the long-term success of our businesses.

We will develop the culture within our businesses that puts the customer at the centre and will work together and with our stakeholders to deliver the safe, affordable, reliable and sustainable energy system the community expects.

Principle in action

To fulfil this principle energy businesses should:

- 1.1 – Have a Board that actively oversees the business' culture so as to be aligned with Energy Charter Principles.
- 1.2 – Have management operationally accountable for embedding a 'customer at the centre' culture.
- 1.3 – Ensure employees are engaged and rewarded to be focused on positive customer outcomes.
- 1.4 – Have robust processes to determine customer and community needs and be accountable on how feedback has been considered and incorporated into decision making.
- 1.5 – Demonstrate a culture of innovation and collaboration for positive customer outcomes, including through sharing insights with government, research institutions and across the supply chain and joint advocacy on regulatory, policy and operational issues.



Principle Two

We will improve energy affordability for customers

We recognise that affordable energy is essential for Australian households and businesses.

We will do what we can to make energy more affordable, by running our businesses efficiently so customers benefit, by offering customers energy deals that best meet their needs, helping them manage their energy use, and by working together to put downward pressure on price, as well as innovating for cost effective solutions that meet residential and business customer needs.

Principle in action

To fulfil this principle energy businesses should:

- 2.1 – Ensure that investment, commercial and operational decisions are cost efficient, and explain how customers benefit.
- 2.2 – Offer customers energy deals that best meet their needs, supported by effective tools and incentives for customers to manage their energy use and cost.
- 2.3 – Work cooperatively across the supply chain and with other stakeholders to put downward pressure on price over the short and long term.
- 2.4 – Innovate to deliver competitive energy solutions for business and residential customers
- 2.5 – Advocate on behalf of customers to improve energy affordability through engagement in regulatory and policy processes.



Principle Three

We will provide energy safely, reliably and sustainably

We recognise the essential nature of energy, the value it brings to the community and the potential consequences and impacts for customers when they cannot access it.

We will provide energy safely, reliably and sustainably and will listen to customer preferences and demonstrate how they inform decisions and outcomes.

Principle in action

To fulfil this principle energy businesses should:

3.1 – Maintain the highest standards of safety for people, the community and the environment.

3.2 – Implement solutions across the supply chain:

a. that support energy connection, service and reliability that meets customers' needs.

b. to resolve service issues that impact customers and the community.

3.2 – Engage with customers and communities to support and implement new investments, deliver innovative energy solutions and manage operations in line with their expectations.

3.3 – Facilitate new opportunities and technologies that support cleaner energy solutions.



Principle Four

We will improve the customer experience

We recognise that it must be easy for customers to make informed decisions about their energy, that outcomes should be transparent, and all customers should benefit from the transformation of the energy system. The customer experience with energy businesses should be respectful, efficient and seamless, particularly if things go wrong.

We will make it easy for everyone to get the best product or service for them regardless of their ability to engage, or interest in, the energy market. We will continually improve our processes and communication and will work together to provide better services across the supply chain to meet customer needs.

Principle in action

To fulfil this principle energy businesses should:

- 4.1 – Enable customers to get fair outcomes regardless of their ability or desire to participate in the energy market.
- 4.2 – Empower customers by:
 - a. making sure all communication is clear, in plain terms, accessible and understandable,
 - b. providing insightful and useful information and accessible tools, and
 - c. streamlining access to, and portability of, customer energy data.
- 4.3 – Ensure that innovation and design in products and services, as well as communication platforms and tools are driven by customers' needs and preferences.
- 4.4 – Have effective and accessible dispute resolution processes, co-ordinated across the supply chain to resolve customer issues and implement process improvements in response.



Principle Five

We will support customers in vulnerable circumstances

We recognise that some customers may experience vulnerability that requires support from energy providers, which may require collaboration with governments and community service organisations. Not all experiences of vulnerability will be the same and providing support require solutions tailored for different circumstances.

We will support customers to navigate periods of vulnerability and collaborate with the community and government to assist those who need it most.

Principle in action

To fulfil this principle energy businesses should:

5.1 – Have processes to enable early identification of customers at risk of vulnerability, coupled with intervention measures that can prevent customers falling into hardship.

5.2 – Provide products and services that are tailored to customers in vulnerable circumstances and support them in getting back on track.

5.3 – Provide flexible solutions that are easy to access and are provided by specially trained frontline staff with expertise in supporting those customers who face additional barriers to engaging with the energy market.

5.4 – Take a collaborative approach, partnering across the energy supply chain, and with government and community service organisations to implement innovative solutions that improve outcomes (cost or experience) for customers in vulnerable circumstances.



The Energy Charter in Operation

Governance & ownership



- Energy industry ownership and governance arrangements of the Energy Charter are now being considered
- Ownership of the Energy Charter may comprise a small committee of representative CEOs, with responsibility for:
 - promoting the Energy Charter with the energy sector and stakeholders;
 - consulting with signatories, end-user representatives and other stakeholders;
 - determining the process for the review and amendment of the Energy Charter over time; and
 - managing collective resourcing and administering membership and fees.



Reporting

- Energy businesses who commit to the Energy Charter will be required to publicly report against the Principles and Principles in Actions, outlining how they are meeting or making progress towards the Charter commitments.
- This public disclosure will enable all signatory businesses to be effectively evaluated by an independent panel and stakeholders more broadly.
- When reporting against the Charter commitments, energy businesses will be required to use measures and metrics where possible to evidence the statements made in their disclosure.



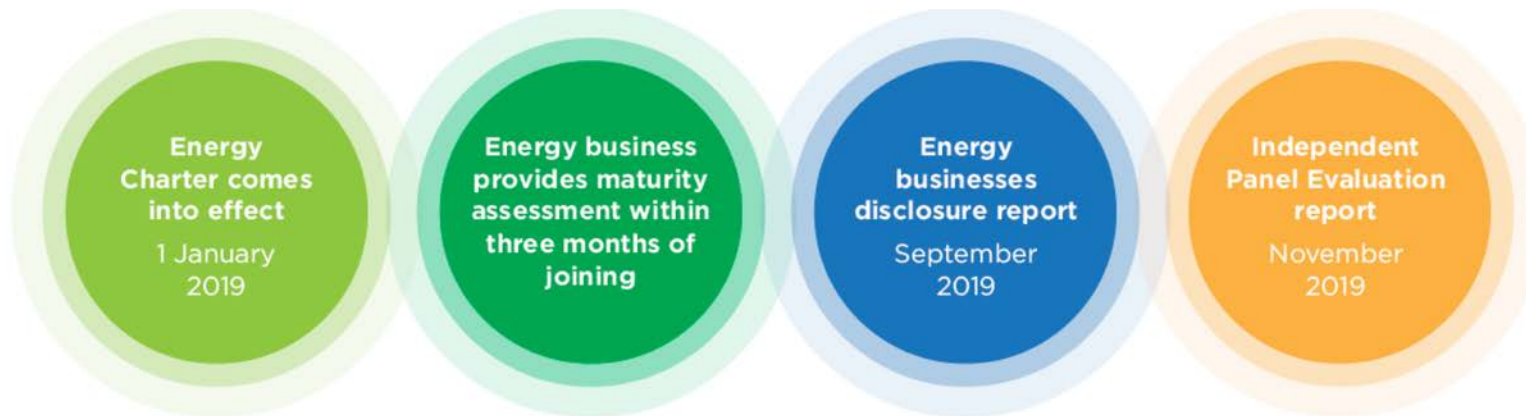
Maturity

- Energy company signatories will be at different stages of maturity in relation to the principles articulated in the Energy Charter.
- A maturity model will be developed so businesses can self assess against the Charter principles at the time of adoption, as well as indicate where on the maturity model they intend to progress to, over what period and how.
- Progress against this maturity plan will be considered as part of the annual disclosures and accountability assessment.
- Anticipate this will include a business identifying where it wants to be and an action plan to get there. Likely that this would be also reviewed as part of the accountability framework.



Timetable for reporting

- The first version of the Energy Charter will take effect for participating businesses from **1 January 2019**.
- While the annual reporting period of the Energy Charter will be 1 July to 30 June, in the first year the reporting period will be **1 January 2019 to 30 June 2019**.
- Energy businesses will be invited to sign up to the final Energy Charter at any time and will be required to publish a maturity assessment within three months of their commitment.





Metrics and Measures

- Energy businesses will be required to provide measures and metrics to evidence progress and how they translate as improved customer outcomes.
- Likely to be a mix of lead and lag indicators and may be qualitative or quantitative in nature.
- **Potential** indicators:
 - **Whole of sector, publicly available, indicators**, that measure performance against the Energy Charter Principles. ie, Energy Consumers Australia, AEMC, AER data on customer satisfaction, price movements, reliability and value for money.
 - **Individual business indicators**; reliability, tariffs over time, response time to calls and outages, customer adoption of new offers, connection times for new connections and/or new technology,
- Supporting businesses are now collating the measures and metrics they now use, considering how they can be used to report against the Principles, to demonstrate individual business performance, and contribution to better energy sector performance and customer outcomes as a whole.
- Year One reporting will be important to inform the ongoing progress, and the quality and nature of reports will naturally evolve over time.
- Measures and metrics for the 2020 reporting period will be informed by learnings, evaluations and recommendations coming out of 2019 reporting experience.

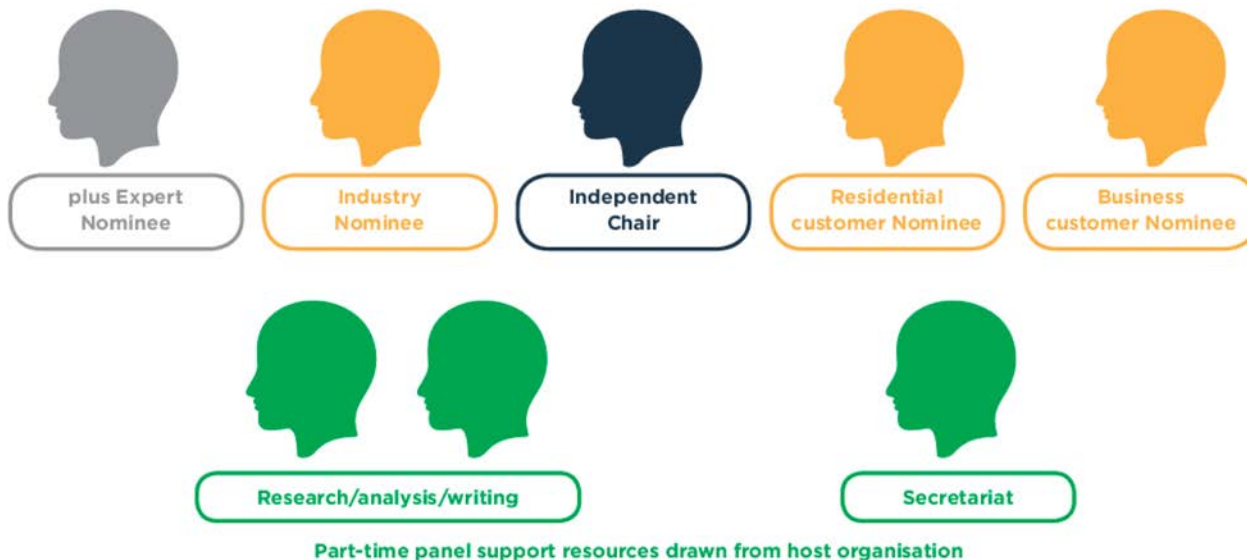
Accountability: Evaluating performance



- It is critical that energy businesses are transparent and accountable to their commitments to the Energy Charter.
- Strong feedback has been that a robust, independent accountability framework is needed.
- Independent expert advice on the accountability framework was sought by Energy Consumers Australia (ECA) to ensure the design of the accountability framework is both independent and credible.
- Disclosures will also assess entities against a maturity model.



Independent Panel



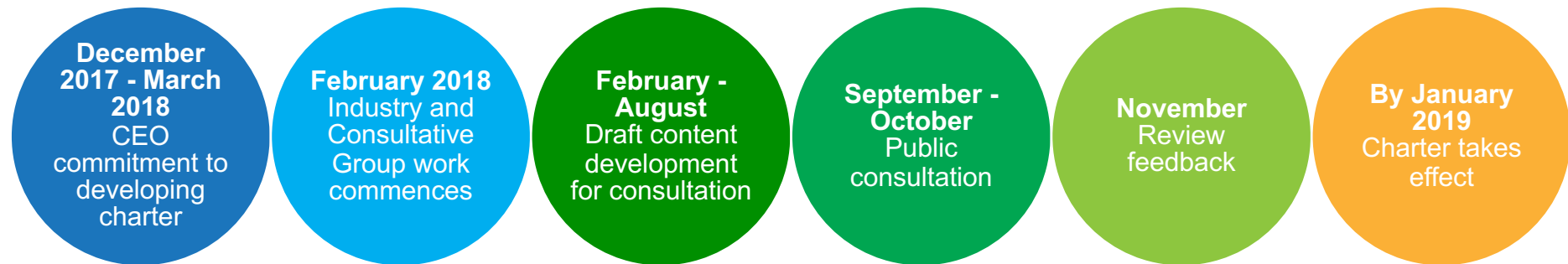
- Part-time panel of between 3-5 independent panelists, including a Chair of high standing
- Would evaluate disclosures and publish a report about how companies performing
- Would be hosted by an existing independent organisation such as Energy Consumers Australia, with administrative and analysis support drawn from the host organisation.
- Will be funded by participating businesses
- Panel selection process, Terms of Reference and the funding and resourcing arrangements will be developed in consultation with the End-User Consultative Group prior to the finalisation of the Energy Charter.

The background features a complex pattern of overlapping, semi-transparent circles in various shades of blue, green, and yellow. These circles are interconnected by a network of dashed lines in light blue, white, and yellow, creating a sense of movement and connectivity. The overall aesthetic is modern and abstract.

Next steps



Timing





Questions?

